



**ESSENTIAL SERVICES COMMISSION**  
Local Government

## Higher cap – Application cover sheet (2019-20)

Council name

Mansfield Shire Council

Contact person and phone number

Mandy Kynnersley, Finance Manager

5775 8574

Base Average Rate (\$): (e.g. \$1,800)

\$1346.93

Proposed increase for 2019-20: (e.g. 5%, \$4,000,000)

Proposed increase in Average Rate (%) 13.94%

Proposed increase in prescribed rate revenue (\$) 1,200,000

Proposed increase for following year(s): (e.g. 5%, 2%, \$4,000,000)

2020-21	Proposed increase in Average Rate (%)	
	Proposed increase in prescribed rate revenue (\$)	
	<i>Note: Assumed rate of forecast CPI (%)</i>	
2021-22	Proposed increase in Average Rate (%)	
	Proposed increase in prescribed rate revenue (\$)	
	<i>Note: Assumed rate of forecast CPI (%)</i>	
2022-23	Proposed increase in Average Rate (%)	
	Proposed increase in prescribed rate revenue (\$)	
	<i>Note: Assumed rate of forecast CPI (%)</i>	

Please attach:

- evidence of council sign-off/approval of application
- 2017–18 Annual Report + 2018–19 Budget + Draft 2019–20 Budget
- Council Plan / Strategic Resource Plan
- any other information supporting the application

Summary of the key reason(s) for the application: (Please limit response to two pages)

To correct an imbalance in the categorisation of rate income between waste charges and general rates.

Mansfield Shire Council will be lowering its waste service charges to align with a recent decision by the Victorian Ombudsman. To retain current service levels required by the community, a variation to the Minister's rate cap is needed to transfer the forgone waste service charge income into general rates. Overall, this change is revenue neutral to the council and ratepayers as a whole. Going forward, this has the benefit of putting waste charges on a cost reflective basis while ensuring the general rate base properly reflects the "true" funding for its general services.

# FAIR GO RATES SYSTEM APPLICATION



MANSFIELD SHIRE COUNCIL  
MARCH 2019

# Contents

Introduction.....	2
Six legislative matters.....	3
Proposed Higher Cap .....	3
Reasons .....	3
Background.....	3
Steps to address the imbalance .....	4
Current state of play.....	6
Rating Strategy to minimise impact to ratepayers .....	7
In summary .....	8
Engagement .....	8
Financial year 2016-17 .....	8
Financial year 2017-18 .....	10
Financial year 2018-19 .....	12
Efficiency and value for money.....	14
Alternative funding and offsets .....	15
Long term planning .....	18
Conclusion .....	21
Appendices .....	22

# Introduction

Mansfield Shire Council is a small rural council located approximately two hours north east of Melbourne. Covering 3,843 square kilometres, Mansfield Shire is home to the Mt Buller and Mt Stirling Alpine Resorts (managed by the Mt Buller and Mt Stirling Alpine Resort Management Board), the Alpine National Park, and the second largest in-land waterway in Australia - Lake Eildon.

Tourism, agriculture and lifestyle underpin the Shire's strong economy, supported by a diverse range of commercial and service sectors.

The alpine resort areas of Mt Buller and Mt Stirling are wholly surrounded but excluded from our municipal district. A significant proportion of the municipality is Crown land.

Five major river systems, the Delatite, Howqua, Jamieson, Big and Goulburn, have their headwaters in the Shire and all flow into Lake Eildon.

Agriculture is one of the Shire's key economic drivers, contributing \$60.7m to the Shire's economy. Cattle and sheep grazing, along with seed production, are major industries within the Shire. Grape and tomato production are also significant as are many agriculture related service industries.

It is estimated that Mansfield Shire has an employment base of 3,743 and an industry output of \$823m. The impact of tourism as an economic driver is estimated as 20% of total industry output and 25% of total employment (*RDA Australia - Hume Economic Profile report*).

The Australian Bureau of Statistics (ABS) data from the 2016 census shows our Shire's population at 8,605, an increase of 663 (8.35%) persons since 2011 census figure of 7,942 persons. This figure is expected to grow to 10,000 persons by 2031.

Mansfield, as the major service centre for the Shire, is central to many unique towns and villages such as:

- Ancona
- Goughs Bay
- Kevington
- Merrijig
- Tolmie
- Barjarg
- Howqua
- Macs Cove
- Merton
- Woods Point
- Bonnie Doon
- Jamieson
- Maindample
- Sawmill Settlement/Alpine Ridge

Mansfield Shire Council belongs to the small rural council cohort as defined by the Victorian Auditor General's Office (VAGO). Council exhibits characteristics consistent with the findings of VAGO pertaining to small rural councils across the sector including:

- Extensive and ageing infrastructure network (and the increasing maintenance and renewal costs thereof)
- Growing and ageing population
- Heavy reliance on government grants
- Limited opportunity to generate own-source revenue

Each of these characteristics expose Council to an increased level of financial sustainability risk. Mansfield Shire Council will continue to be challenged in providing an appropriate level of infrastructure and services to a growing population in the context of a small rural shire.

## Six legislative matters

### Proposed Higher Cap

Mansfield Shire Council are proposing a once off rate increase of 13.94% in 2019-20. This equates to an additional \$1.2million in rate income, over and above the Minister's cap for 2019-20, or on average, \$154.12 per rate assessment.

### Reasons

Mansfield Shire Council will be lowering its waste service charges to align with a recent decision by the Victorian Ombudsman. A variation to the Minister's rate cap is needed to transfer the forgone waste service charge income into general rates. Overall, this change is revenue neutral to the council and ratepayers as a whole. Going forward, this has the benefit of putting waste charges on a cost reflective basis while ensuring the general rate base properly reflects the "true" funding for its general services.

### Background

Under the guidance of previous administration, Mansfield Shire Council allowed waste service charge income from the community to rise above of the annual cost to deliver waste services. This practice commenced in around 2008. It was Council's interpretation that this was allowable under S162 of the *Local Government Act 1989* (the Act).

The gap grew over the years, while rate increases were kept unsustainably low. In effect, the waste service charge was mimicking rate income.

When the Fair Go Rates System (FGRS) was introduced general rate income became subject to the rate cap, however service charge income was not.

Under the guidance of new administration, this practice was identified in 2016 and a broad plan put in place to rectify the issue. Verbal advice was sought from Local Government Victoria and Essential Services Commission on the issue. At that point it was deemed that it did not technically breach the Act, but was not in keeping with the good practice or the intent of the FGRS policy.

It was clear that the imbalance between Mansfield Shire Council's waste service charge and general rates needed to be amended to ensure that all "true" rate income was captured in the correct category and treated as intended under the FGRS (ie capped). This position was later confirmed by the Victorian Ombudsman in her 2018 report on Waste Charges in Wodonga<sup>1</sup>.

Steps to address the imbalance

Council identified that the only method to enable such a correction would be an application for a variation to the rate cap. To prepare for an application Council has taken the following steps over a period of 3 years:

1. Implement a Long Term Financial Plan (LTFP)

Mark Davies of FP Solutions was engaged to create our first LTFP model in 2016-17. The LTFP<sup>2</sup> identified a number of financial issues over the medium term (5 years) including:

- A \$700k asset renewal gap
- Sustained underlying deficits
- Degradation in cash.

Essentially the LTFP showed Council was financially unsustainable in its current form, and would run out of funds by 2023 if no changes were made.

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<sup>1</sup> Appendix 1

<sup>2</sup> Appendix 2

2. Continuous engagement with the community on the issues

Each year during the statutory consultation process around the annual budget, Council hold two public forums. One in Mansfield (largest township of the Shire and location of Council offices) and the other in Melbourne (approximately 47% of ratepayers in Mansfield Shire are 'non-resident' and the majority of these reside in Melbourne).

These forums were utilised as key avenues to engage with community regarding the outcome of the newly developed Long Term Financial Plan, and the steps that needed to be taken to address the financial issues faced by the Shire.

3. A renewed focus on asset renewal

Between 2008-09 and 2017-18 many new capital projects had been commissioned and completed. These included a new Visitor Information Centre, Family and Children's Centre, the Great Victorian Rail Trail, and a new Sport and Recreation Playing Field.

With the implementation of the LTFP Council shifted their capital expenditure focus to asset renewal, however the asset data Council had available was limited and therefore renewal forecasts were difficult and open to inaccuracy. Broad estimates have been utilised to this point.

In the 2018-19 budget Council decided to invest in asset expertise, outsourcing the Asset Management functionality to Assetic staff via a bureau service, and also using the power of the Assetic software. The first class of assets (transport) is currently transitioning, expected to be ready for predictive modelling as part of the 2020-21 budget, with remaining asset classes to follow 12 months later.

4. Ongoing service reviews and operating expenditure reductions

In June 2017, in response to the public submissions to the 2017-18 budget, Council passed a resolution instructing the CEO to find operational expenditure savings of at least \$500,000<sup>3</sup>. The CEO delivered a report to Council in October 2017 identifying \$694,000 of recurrent operational savings (including \$394,000 salaries and wages). These were enacted in the 2018-19 budget<sup>4</sup>.

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<sup>3</sup> Appendix 3

<sup>4</sup> Appendix 4

5. Permanent savings from implementing a new organisational structure

As part of the quest to deliver operational savings, the CEO restructured the human resources of Council. Assessed in Full Time Equivalent (FTE) fractions, 7.9 staff were made redundant, 2.6 vacant positions were not filled, 5.6 new positions were created (to which some staff were redeployed, and some were new hires). The net impact was a reduction in staff of 5.1 FTE, saving \$394,000 per annum (excluding redundancy costs)<sup>5</sup>. The operational impact was an improved functional alignment and more streamlined service delivery channels.

Current state of play

Each of the above steps needed to be performed to be able to demonstrate what the minimal funding requirements are for the service needs of the community. This enabled Council and the community to determine if a rate variation is required when the waste service charge is reduced to cost recovery.

As a result, in 2018-19 Council delivered an improved budget and LTFP that addresses the service requirements of the community in a financially sustainable manner. The last piece of the puzzle is yet to come as Assetic work on an accurate assessment of our asset renewal requirements. It is anticipated that asset renewal costs will increase as a result of this review.

Council believe there are no further operating expenditure reductions available that will not impact severely on the level and mix of services provided to the community.

The amount of waste service charge income derived above the cost of waste services is forecast to be \$1.2million in 2018-19. In order to meet the recommendations of the Victorian Ombudsman, if Council were to withdraw \$1.2million in income from our annual operating budget, we would become unsustainable and bankrupt within 4 years.

Therefore Council seek a variation to the Minister's rate cap to allow the transition of this \$1.2million from waste service charges into general rate income.

There will be no overall increase to the level of income Council earn from the community as a result of this transition. However, the distribution of the charges across the various ratepayers will change given waste service charges and rates are levied based on different attributes. To this end, Council have modified the rate differentials in the Draft Rating Strategy 2019-20<sup>6</sup> to minimise the impact of the shift to the average ratepayer in each differential category.

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<sup>5</sup> Appendix 4

<sup>6</sup> Appendix 5



Rating Strategy to minimise impact to ratepayers

Waste service charges are levied based on the level of service per property (ie bin size and/or collection service type) whereas general rates are levied based on the Capital Improved Value (CIV) of a property compared to all other rateable properties within the Shire. Therefore, as the method of allocation is different under the two types of charges, the shift of \$1.2million from a service charge to rates has a different impact on each property. Councillors desire to minimise the impact of this change.

Mansfield Shire Council’s rating strategy declares 5 differential categories being residential, rural residential, vacant land, farmland, and commercial. Council officers prepared financial modelling to calculate the impact on the average ratepayer in each differential rate category of a shift of \$1.2million from waste service charges to general rates<sup>7</sup>.

The financial modelling performed determined the optimal differential percentage for each rating category to ensure minimal financial impact on the average rate assessment within. The results are shown in the table below.

<b>Differential category</b>	<b>Variance from average current rates notice under new proposal after reallocating waste income and altering differentials</b>
Residential	\$2 less per annum
Vacant Land	\$8 more per annum
Rural Residential	\$10 more per annum
Farmland	\$2 less per annum
Commercial	\$6 more per annum

<sup>7</sup> Appendix 6

In summary

Council are seeking a variation to the Minister's rate cap for 2019-20 to:

- retain existing income levels;
- continue to deliver and maintain the current services required by the community; and,
- ensure long term financial sustainability.

In seeking a variation Council are NOT seeking additional income or to increase service delivery.

Key documents/resources:	App
Victorian Ombudsman Report – Investigation into Wodonga City Council's overcharging of a waste management levy, April 2018	1
Long Term Financial Plan 2016-17 presentation	2
Council Minutes: Adoption of the Mansfield Shire Council 2017-18 Budget	3
Council Minutes: Consideration of submissions to the Mansfield Shire Council Draft Budget 2018-19	4
Draft Rating Strategy 2019-20	5
Rate variation Financial Modelling	6

## Engagement

Financial year 2016-17

The following engagement processes were undertaken during the 2016-17 financial year.

### Type of engagement and tradeoffs discussed

Community budget consultation sessions were held during February and March 2017 in the townships of Tolmie, Jamieson, Bonnie Doon, Mansfield and Merrijig. These townships represent the larger populated areas in each electoral ward.

The traditional community budget forums were also held in Mansfield and Melbourne during the statutory budget consultation period (April-May 2019).

Forums were advertised in the local newspaper, and on Council's website.

The aim of these forums was to inform the community of the current financial situation and the likely trade-offs required (ie reductions in services or increase in rates), and to encourage all to provide their feedback and recommendations to council via the budget public submissions process. The FP Solutions presentation<sup>8</sup> was utilised as the key focus for these meetings.

<sup>8</sup> Appendix 2

An online community survey was issued to assist in determining the priorities for the 2017-18 budget, and the 2017-21 Council Plan. The survey asked:

- What services and facilities people valued the most?
- What peoples' objectives were in the future for themselves, their family and the broader community?
- Where possible budget savings could be found?
- The main two reasons why people lived in Mansfield Shire?

#### Consideration of results

There were 90 people in attendance across all forums and 126 responses to the survey.

The results of the survey were summarised in a report to Council for consideration when the proposed budget and Council Plan were endorsed for public comment.<sup>9</sup>

Options proposed by officers in the 2017-18 budget included:

- Cease provision of school crossing supervisory service (on the basis that the Department of Education should fund the service)
- Cease provision of Financial Counselling service
- Cancellation of free green waste vouchers for ratepayers
- No replacement of a vacant manager position in Tourism and Economic Development
- Reduction in gravel supplies for road maintenance

Council received 76 submissions – a record number of submissions – to the Budget and Council Plan during the statutory consultation period. These were summarised in a report to Council for consideration<sup>10</sup>.

The submissions made it clear that there was widespread objection to the cancellation or reduction of school crossing supervision services, and financial counselling services. However, there was no clear consensus from the broader community as to which other services should be reduced or cancelled to reduce operating costs.

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<sup>9</sup> Appendix 7

<sup>10</sup> Appendix 8

In response to the wide and varied community feedback received, Councillors instructed the CEO to immediately commence a comprehensive and strategic service review of all departments, services and functions of Mansfield Shire Council<sup>11</sup> to:

- Identify core Council services and statutory functions that are most efficiently and cost effectively conducted by employees.
- Identify core Council services and statutory functions that may be more efficiently and cost effectively provided by contract, other agencies or shared service agreements.
- Identify opportunities for more efficient alignment of the statutory and core functions of Council through a review of the organisation's structure.
- Identify non-core Council services that can be reduced or stopped.
- Identify ongoing savings to the organisation of at least \$500,000 per annum.
- Report findings to Council by 30 October 2017.

Council also responded individually to all submissions, as per the requirements of the Act<sup>12</sup>.

Key documents/resources:	App
Long Term Financial Plan 2016-17 presentation	2
Council Minutes: Endorsement of proposed budget 2017-18 for public consultation	7
Council Minutes: Consideration of submissions to the 2017-18 budget	8
Council Minutes: Adoption of the Mansfield Shire Council 2017-18 Budget	3
Council responses to submissions to 2017-18 Budget	9

Financial year 2017-18

### Type of engagement and tradeoffs discussed

The traditional Mansfield and Melbourne budget forums were held in May 2018. At these forums the CEO delivered a presentation<sup>13</sup> providing an update on the steps taken during the previous 12 months to improve the financial sustainability of the Shire, including:

- Operational savings
- Organisational restructure
- Outsourced arrangements

<sup>11</sup> Appendix 3

<sup>12</sup> Appendix 9

<sup>13</sup> Appendix 10

The CEO also discussed the issues raised by the Victorian Ombudsman, the impact that it would have on Council's financial situation, and the trade-offs (severe service reductions) that would be required to either reduce the budget by \$1.2million annually or seek a rate variation.

The purpose of the forums was to inform the community of the current financial situation, the impact of the findings of the Victorian Ombudsman, and the need to identify which services the community is willing to reduce or cut if a rate variation is not sought and waste service income is reduced to cost recovery. The community was strongly encouraged to provide this feedback through the statutory submissions process to the 2018-19 budget.

### Consideration of results

There were 42 people in attendance across all forums.

There were 89 submissions received during the statutory budget consultation period. These were summarised in a report to Council for consideration<sup>14</sup>.

The submissions made it clear that a great number in the community were supportive of the development of a new dual court indoor sports stadium. However the submissions did not provide a clear direction as to which services the broad community would give up to reduce rate income.

Council made minor amendments to the 2018-19 budget in response to the submissions, as detailed in the Council report<sup>15</sup>.

Council also responded individually to all submissions, as per the requirements of the Act<sup>16</sup>.

Key documents/resources:	App
Budget forum presentation	10
Council Minutes: Consideration of submissions to the 2018-19 Budget	4
Council Minutes: Adoption of the 2018-19 Budget	11
Council responses to submissions to the 2018-19 Budget	12

<sup>14</sup> Appendix 4

<sup>15</sup> Appendix 11

<sup>16</sup> Appendix 12

Financial year 2018-19

*Type of engagement and tradeoffs discussed*

Council prepared a comprehensive engagement campaign in relation to a proposal to seek a rate variation, and the Draft Rating Strategy 2019-20<sup>17</sup>. The two were released and considered concurrently because the differentials in the Draft Rating Strategy 2019-20 were modified to minimise the impact of the rate variation proposal. Therefore both issues are intertwined.

The campaign is outlined in the Stakeholder Engagement and External Communications Plan<sup>18</sup>.

Launched on 29 November 2018, the campaign was specifically prepared to target the widest audience possible, through YouTube, Facebook, Council's website and print media (local newspaper).

Web based media was chosen as the primary tool as Council believed it would:

- Be easily accessible by a large proportion of the community (most people under 70 years of age access and use the internet on a regular basis)
- Be an easy way to reach a community that is spread over a large geographic area (both across the municipality which is a large area, but also to non-resident ratepayers that approximate 47% of all Mansfield Shire ratepayers)
- Allow access anytime, anywhere – face to face forums are often criticised for the date and time selected as it is difficult to find a time suitable for all community members
- Allow anonymity – people could view the information in their own homes, and write an anonymous submission if they wish, without having to declare their opinion openly in a public forum. This is critical when asking the community to identify services they would choose to no longer fund, which could offend other members of the community.
- Allows Council to ensure the message is clear and accurate without individual voices in the community dominating and / or diverting the conversation, which can be intimidating and confusing to other community members in a forum type environment.

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<sup>17</sup> Appendix 5

<sup>18</sup> Appendix 13

Four “drop in sessions” were also held during December 2018 where community members could visit Councillors and discuss the issues with them in a one on one, face to face environment. The location, time and day of each of these sessions was varied in an attempt to cover a broad section of availability amongst the community.

All information provided online was also made available in hard copy for those members in the community that required paper media.

Further details of the information provided as part of the engagement campaign can be found in the Key Documents listed in the table below.

### Consideration of results

The outcomes of the engagement process were summarised in a report to Council for consideration at the Ordinary Council Meeting on 19 March 2019.<sup>19</sup>

While there were 1,304 views of the explanatory video on Facebook and YouTube, the level of formal engagement was very low and therefore the results of the survey and the submissions were unable to be considered by Council to be representative of the broad community as a whole. In addition, the responses provided no clear direction as to how services should be modified if a reduction of \$1.2million in annual operating income was required.

For these reasons, Council determined to proceed with applying for a rate variation to enable the transition of \$1.2m from waste service charges to general rate income.

Key documents/resources:	App
Stakeholder Engagement and External Communications Plan	13
Video – link: <a href="https://www.youtube.com/watch?v=swp5oI5Ef6I">https://www.youtube.com/watch?v=swp5oI5Ef6I</a>	15
Have Your Say Portal – link: <a href="https://www.mansfield.vic.gov.au/consultations/council-budget-rates-and-waste-charge-distribution">https://www.mansfield.vic.gov.au/consultations/council-budget-rates-and-waste-charge-distribution</a>	16
Online Survey	17
Council Minutes – consideration of submissions to the rate variation proposal and draft Rating Strategy 2019-20	14
Draft Rating Strategy 2019-20	5

<sup>19</sup> Appendix 14

## Efficiency and value for money

Mansfield Shire Council's application for a rate variation will NOT result in additional income to Council. For the increase in rate income there will be an equal and opposite decrease in waste service charge income. The net impact to Council's income will be nil.

According to the most recently published Know Your Council data (2017-18 results), expenditure per property assessment for Mansfield Shire Council is well below the average for both the small rural councils, and all council categories.

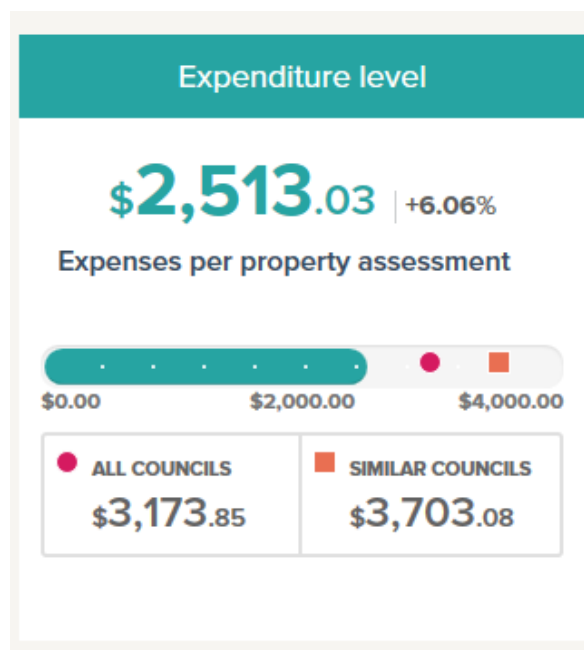


Figure 1: <http://knowyourcouncil.vic.gov.au/councils/mansfield/reports/summary>

All income earned by Council will continue to be allocated and expended efficiently and with consideration of the best value principles, pursuant to Council's Procurement Policy<sup>20</sup>.

Mansfield Shire Council's Financial Strategy 2018 (page 8)<sup>21</sup> requires ongoing cyclical reviews of each service at least once per Council Plan period. These reviews will seek to continually improve the definition of service requirements, refine delivery methods and balance service aims against affordability for both the Council and customers. The Financial Strategy also states that Council will deliver procurement savings through strategic procurement and collaboration with other authorities and agencies where possible and beneficial to Council.

<sup>20</sup> Appendix 18

<sup>21</sup> Appendix 19



Key documents/resources:	App
Mansfield Shire Council Procurement Policy	18
Mansfield Shire Council Financial Strategy 2018	19

## Alternative funding and offsets

The Council faces sustained underlying operating deficits given the requirement to reduce waste service charge income to cost recovery. These deficits cannot be managed by trade-offs or alternative funding (such as internal savings, use of other revenues or by an operational change to minimise the impact in the short term). The magnitude, at \$1.2million, is too great.

Council have begun identifying surplus land assets that could be sold. These proposals are constantly met by strong objections from the community. Further, one-off asset sales are not a prudent way to manage ongoing operational deficits. It is Council’s position that income from sale of fixed assets should only be utilised for capital expenditure.

Current debt levels are low (approximately \$2.5million), but higher than the small rural councils and all councils averages. It is noted that the sector as a whole is moving toward a reduced debt position in response to negative community sentiment regarding government debt.

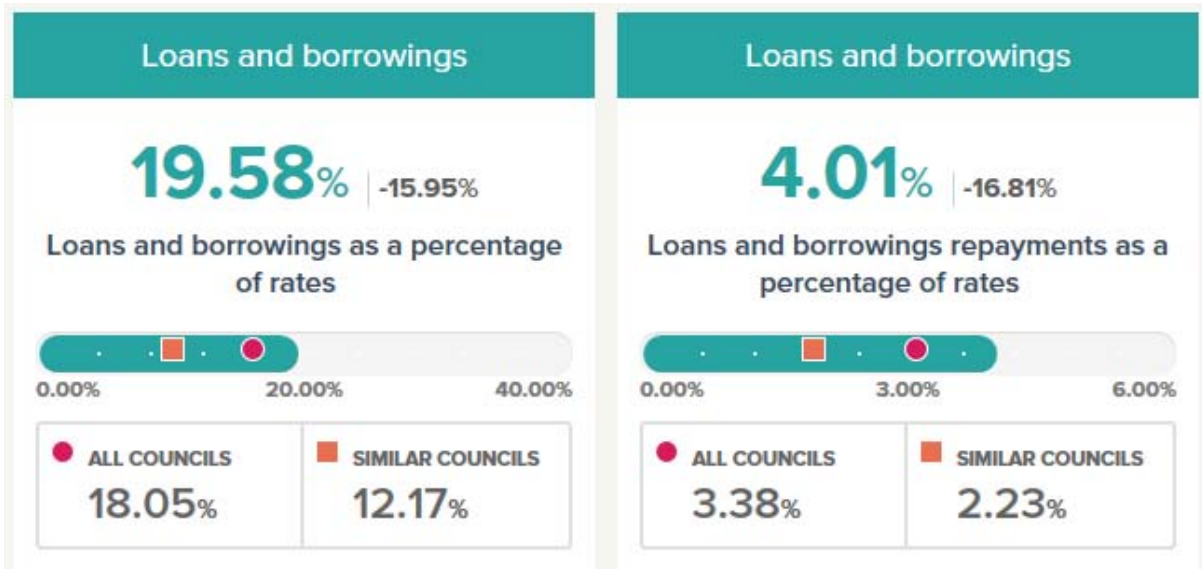


Figure 2: <http://knowyourcouncil.vic.gov.au/councils/mansfield/reports/summary>

Borrowing to fund ongoing operational deficits is not considered sound financial management, and therefore is against the principles of the *Local Government Act 1989 (s136)*. It is for this reason that Mansfield Shire Council’s Financial Strategy (page 2)<sup>22</sup> states that council will only use debt to fund capital expenditure.

Council is heavily reliant on grant income and has limited opportunities to create additional own source income channels. The Know Your Council data indicates Mansfield Shire Council’s own source revenue per head of municipal population approximates the small rural councils average and is higher than the all councils average.

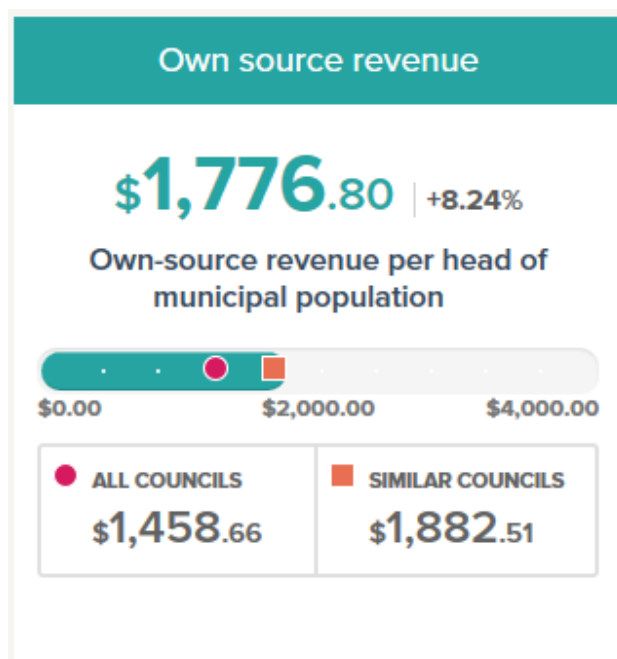


Figure 3: <http://knowyourcouncil.vic.gov.au/councils/mansfield/reports/summary>

Over the previous two financial years council have reduced operational expenditure, reduced EFT positions, restructured the organisation and outsourced services where it is more effective. There are no further cost cuts that can be made that will not impact the level or mix of services that are delivered to the community. In addition, there has been no clear direction from the community as to which services should be targeted if cuts are required.

If Council is unsuccessful in obtaining a rate variation, the most likely response will be a short term reduction in capital spend. The focus on capital expenditure since the implementation of the LTFP in 2017 has appropriately shifted away from new assets toward asset renewal. The 2019-20 budget includes only two significant new capital projects, both of which were identified through the Mansfield Shire Council Sports Facilities Master Plan after consultation with the community. The remainder of capital expenditure is focused on asset renewal.

<sup>22</sup> Appendix 19

Mansfield Shire Council's asset renewal levels in 2017-18 were well below the small rural council and all councils averages.

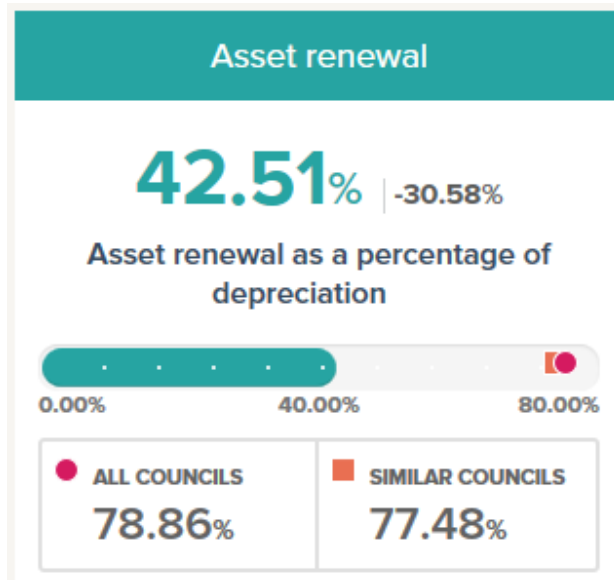


Figure 4: <http://knowyourcouncil.vic.gov.au/councils/mansfield/reports/summary>

In 2018-19 council outsourced its Asset Management function to “Assetic”. The move is intended to compensate for a lack of expertise within Council and capitalise on the software capabilities of the “Assetic” asset management software. Council is still in the transitional phase but it is anticipated that asset renewal data from the modelling within Assetic will indicate that additional investment is required toward asset renewal when compared with the current Long Term Financial Plan inputs. It is therefore not considered prudent to reduce asset renewal spend.

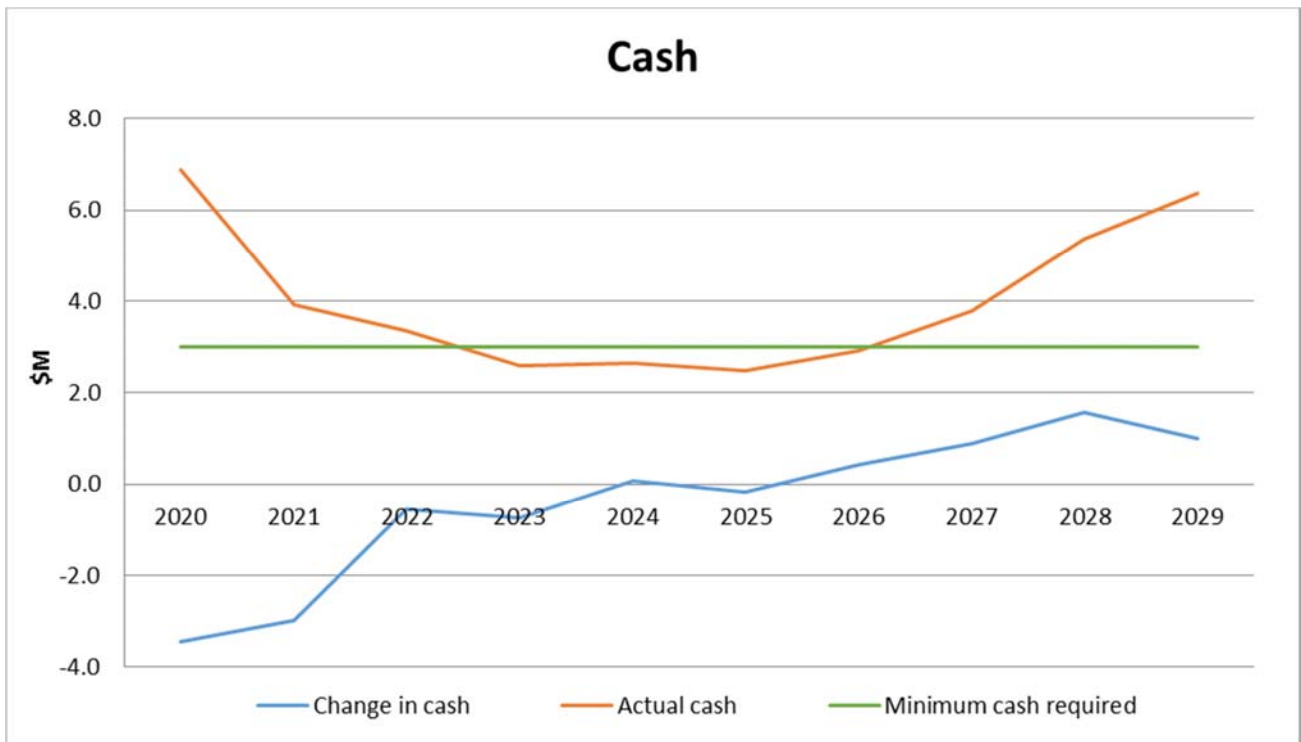
<b>Key documents/resources:</b>	<b>App</b>
Mansfield Shire Council Financial Strategy 2018	19

## Long term planning

Council's financial modelling and strategic planning are presented in the following key documents:

- Long Term Financial Plan 2019-20 <sup>23</sup>
- Proposed Budget 2019-20 <sup>24</sup>
- Proposed Strategic Resource Plan 2019-2023 <sup>25</sup>
- Council Plan 2017-2021 <sup>26</sup>
- Draft Council Plan 2017-2021 (revised March 2019) <sup>27</sup>
- Financial Strategy 2018 <sup>28</sup>

The current Long Term Financial Plan assumes a successful rate variation application and shows the following 10-year cash forecast.



<sup>23</sup> Appendix 20

<sup>24</sup> Appendix 21

<sup>25</sup> Appendix 22

<sup>26</sup> Appendix 23

<sup>27</sup> Appendix 24

<sup>28</sup> Appendix 19

Without a rate variation, the immediate amendment to the Long Term Financial Plan would be to remove the significant capital spend on new assets, being a dual court indoor multi use sports stadium (which has been very strongly advocated for by the community and is a joint project together with the Department of Education), and an upgraded pavilion at the Lords Oval sporting field.

A feasibility study was completed in 2019 to determine the demand for indoor court sports facilities in the Shire. The study concluded that two additional indoor sports courts are currently required, with a growing demand within 10 years for three to four courts.

The Department of Education has committed to fund a single court stadium, and Council have budgeted to fund the second court at the same facility. There is no budget in the LTFP for a third or fourth court, however council and the community are advocating strongly to the state and federal governments for financial assistance in this regard.

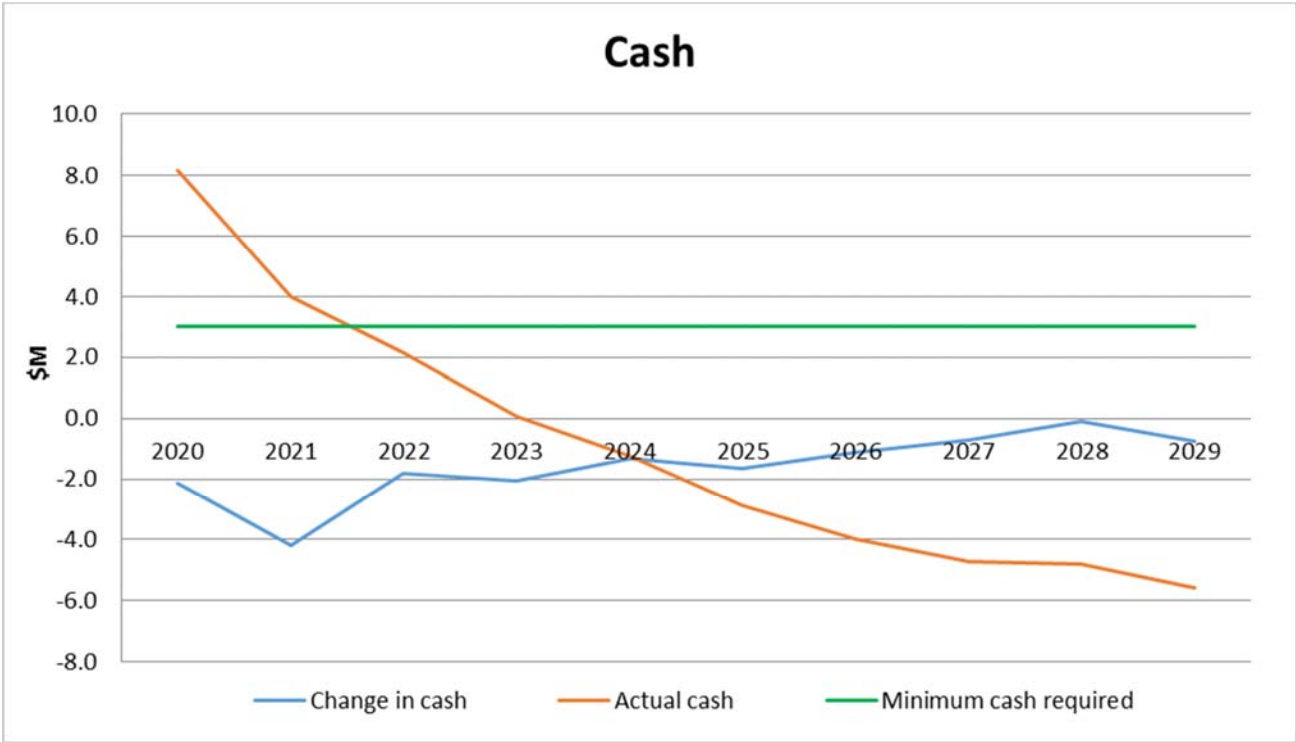
In the scenario that Council must withdraw funding for the indoor sports stadium, there will be limited capacity for sporting facilities in the community. The basketball association will be required to cap playing numbers, the gymnastics club will have access to sub-par facilities, and other indoors sports including netball, futsal, volleyball, badminton, lifeball and table tennis will be unable to access indoor facilities conducive to encouraging and growing participation. The impact more broadly on education across state, private and specialists schools (Mansfield Autistic School and Yooralla) will be significant.

None of these outcomes are consistent with the goals and aims of Council's Municipal Health and Wellbeing Plan which is aligned with the Victorian Public Health and Wellbeing Plan.

With the removal of the two capital projects in the event that the higher cap is not approved, the revised 10-year cash flow (shown below)<sup>29</sup> indicates that Mansfield Shire Council is no longer sustainable beyond 2023.

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<sup>29</sup> Appendix 25



To achieve financial sustainability the long-term amendment would require reductions in operating expenditure and therefore service cuts. Community feedback received over the past three years has been unable to identify a clear direction in this regard. Given this, and the drastic level of cuts that would be required, Council has formed the view that this is not a viable option.

Key documents/resources:	App
Long term financial plan 2019-20 (with higher cap)	20
Proposed Budget 2019-20	21
Proposed Strategic Resource Plan 2019-2023	22
Council Plan 2017-2021	23
Draft Council Plan 2017-2021 (revised March 2019)	24
Financial Strategy 2018	19
Long term financial plan 2019-20 (no higher cap)	25

## Conclusion

It is clear that Council must follow the guidance from the Victorian Ombudsman and reduce waste service charge income to cost recovery, a reduction of \$1.2million per annum.

We seek to transition the income into the rate base, given the intent of this charge was to offset low rate increases historically, prior to the implementation of the FGRS.

It is imperative that Council are able to retain our current income levels to enable us to deliver the basic services that rural residents and ratepayers need and deserve.

It is our view that without a rate variation approval the impact on service delivery to the community would be catastrophic.

# Appendices

1. Victorian Ombudsman Report – Investigation into Wodonga City Council's overcharging of a waste management levy, April 2018
2. Long Term Financial Plan 2016-17 presentation
3. Council Minutes 27 June 2017: Adoption of the Mansfield Shire Council 2017-18 Budget
4. Council Minutes 29 May 2018: Consideration of submissions to the Mansfield Shire Council Draft Budget 2018-19
5. Draft Rating Strategy 2019-20
6. Rate variation Financial Modelling
7. Council Minutes 18 April 2017: Endorsement of proposed budget 2017-18 for public consultation
8. Council Minutes 30 May 2017: Consideration of submissions to the 2017-18 budget
9. Council responses to submissions to 2017-18 Budget
10. Budget forum presentation
11. Council Minutes 26 June 2018: Adoption of the 2018-19 Budget
12. Council responses to submissions to the 2018-19 Budget
13. Stakeholder Engagement and External Communications Plan
14. Council Minutes – consideration of submissions to the rate variation proposal and draft Rating Strategy 2019-20
15. Video – link: <https://www.youtube.com/watch?v=swp5oI5Ef6I>
16. Have Your Say Portal – link: <https://www.mansfield.vic.gov.au/consultations/council-budget-rates-and-waste-charge-distribution>
17. Online Survey results – raw data download
18. Mansfield Shire Council Procurement Policy
19. Mansfield Shire Council Financial Strategy 2018
20. Long Term Financial Plan 2019-20 (with higher cap)
21. Proposed Budget 2019-20
22. Proposed Strategic Resource Plan 2019-2023
23. Council Plan 2017-2021
24. Draft Council Plan 2017-2021 (revised March 2019)
25. Long term financial plan 2019-20 (no higher cap)
26. Council Minutes: Endorsement of rate variation application, Revised Council Plan 2017-21, Draft SRP 2019-2023 and proposed Budget 2019-20.